



**Health Services**  
LOS ANGELES COUNTY

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality,  
patient-centered, cost-effective  
health care to Los Angeles County  
residents through direct services at  
DHS facilities and through  
collaboration with community and  
university partners.*



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January 8, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM:  Mitchell H. Katz, M.D.  
Director



SUBJECT: **ADVANCED NOTIFICATION OF SOLE SOURCE  
AGREEMENT NEGOTIATIONS WITH GE  
HEALTHCARE**

This is to advise the Board that in two weeks' time, the Department of Health Services (DHS) intends to enter into sole source agreement negotiations with GE Healthcare (GE) for equipment maintenance and repair services of various GE equipment, including anesthesiology equipment. Board Policy No. 5.100 requires written notice of a department's intent to enter into sole source negotiations for agreements over \$250,000.

Background

On June 30, 1998 the Board approved an Agreement with GE for the provision of maintenance and repair services of imaging and anesthesiology equipment at a number of DHS facilities. Subsequent amendments extended the term through June 30, 2010. However, the Agreement expired on December 31, 2010 due to an inability to agree to terms and conditions for an extension. Existing GE equipment was then added to the existing Philips Healthcare (Philips) Agreement. However GE is the Original Equipment Manufacturer (OEM), and Philips subsequently subcontracted with GE to repair GE's equipment.

Since 2010, a number of other pieces of GE equipment have been purchased enterprise wide, and this equipment is either serviced through Internal Service Department (ISD) issued Purchase Orders (PO) or added to the Philips' Agreement.

GE recently approached DHS and expressed a desire to accept the County's standard terms and conditions and renew the contracting relationship with the County.

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Negotiations will include additional product support such as free software upgrades and patches that are not available through the Philips' Agreement.

Justification

The sole source determination is based on the fact that GE is the OEM and is the sole provider of maintenance services and parts for this proprietary equipment. Only GE technicians are certified to repair and maintain the proprietary equipment. It is preferable to have a direct contract with GE rather than continue the current subcontract relationships.

DHS will proceed with the sole source negotiations with GE within two weeks from the date of this memo unless the Department is instructed otherwise by the Board.

If you have any questions, please let me know.

MHK:mm

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors